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TO: Each Supervisor

FROM: Thomas L. Garthwaite, MD
Director and Chief Medical Officer

SUBJECT: KING/DREW MEDICAL CENTER

At the January 6, 2004, meeting of your Board, you requested that the Department of Health Services (DHS) provide its recommendations regarding the management of King/Drew Medical Center and the restructuring of its graduate medical education programs.

As you know, the Department has taken escalating steps to review and restructure the operational, clinical, and academic management of King/Drew Medical Center. The hospital's leadership – both operationally and clinically – has failed to establish the necessary management and communication systems to enable the facility to properly manage the delivery of services. These system failures are historic and deep and include such things as the lack of human resources processes, the absence of effective communication among managers and to staff, and a failure to implement quality assurance activities. These factors have contributed to a culture that fails to hold employees accountable for their actions and as such ultimately fails the patients and community it serves.

While the management of the hospital poses a significant challenge, these issues were not identified by the Accreditation Council on Graduate Medical Education (ACGME) as the primary reason for the loss of accreditation of the surgery and radiology programs. Rather, the ACGME's primary concern was the academic environment in which the residents were received their education and training.

The Task Force on Graduate Medical Education at King/Drew Medical Center cited similar concerns in the report it released in December. The Task Force, which was chaired by former Surgeon General David Satcher, identified substantial leadership and accountability issues at Charles R. Drew University of Medicine and Science (Drew University) and recommended a number of significant changes in the organization and scope of the training programs the University supervises at the hospital.

Correcting the problems that have accumulated at King/Drew Medical Center and Drew University will require major changes, some of which will be made swiftly and smoothly and others that will be much more difficult to achieve. In the past three months, we have replaced the leadership at King/Drew Medical Center and have made significant strides in identifying problems and fixing them. More recently, Drew has taken steps to change its leadership. While these changes are necessary and important in the short term, they will not be sufficient to effect long term change. Long term effects will require bold structural changes.

Recommended Structural Changes

1. *Operations*

   The Department has made significant changes in the operation of King/Drew Medical Center over the past three months. It is our intention to continue to conduct a complete review of all aspects of the hospital, from the direct provision of clinical services to the management of housekeeping. Some of the changes at King/Drew Medical Center will require the reorganization of both clinical and support/administrative services at the hospital, including the potential consolidation of services with other facilities. To this end, the Department is requesting authority from your Board to take the necessary administrative steps to facilitate the restructuring of services at King/Drew Medical Center and the consolidation of services system-wide.

2. *Efficiency Savings*

   The Department's strategic plan included 16 percent in savings at King/Drew Medical Center over the period of Fiscal Year 2003-04 to 2005-06. While the Department believes these savings are achievable, given the dramatic nature of the changes that must occur at the hospital and the medical school and to avoid destabilizing the environment, the period of time during which these reductions will occur may be extended. I plan to update your Board on this topic when the Department updates its budget forecast.

3. *Flexibility in Hiring Nurses*

Evaluations by DHS staff, as well as recent site visits by State Licensing, have highlighted the crucial need for enhanced nurse recruitment and training at King/Drew Medical Center. While all DHS hospitals are challenged to hire critical care nurses, this problem is most acute at King/Drew Medical Center, particularly given the recent problems with the staffing of the hospital's telemetry unit. While the Department's first priority is to hire full-time permanent nursing personnel, this is not always possible. To facilitate the reopening of the telemetry unit and ensure patient safety, DHS has attempted to secure additional nursing personnel through registries. The rates included in the current registry agreements are substantially below the market rate and, thus nursing registries are unable to accommodate the Department's requests, given the competition for these and other types of critically needed nursing services.

The Department is requesting delegated authority to amend the current agreements with nurse registries to establish rates that are consistent with those paid in the community for critical care, clinic, emergency room, and hemodialysis nurses, nursing attendants, and surgical technologists, and to negotiate and execute agreements with any additional nurse registries that are willing to agree to the County's terms and conditions. DHS will notify your Board as to the progress of these negotiations and of any specific rates that have been agreed upon.

4. *Graduate Medical Education Programs*

The withdrawal by the ACGME of the accreditation of the surgery and radiology training programs, and the proposed withdrawal of the neonatal-perinatal program have brought to light the need for a reevaluation and restructuring of the Department's partnership with Drew University. As mentioned above, the recommendations for the Task Force on Graduate Medical Education at King/Drew Medical Center focused primarily on the role of Drew University; but clearly, given its historical and contractual relationship with the medical school, the Department must play a critical part in any improvements that occur.

The pace of reforms at Drew University, like those at the hospital, cannot be slow and incremental, but must be immediate and dramatic. Specifically, we must assure full reconfiguration of the Board of Trustees, a realistic number of residency programs and the development and implementation of an acceptable faculty practice plan or other mechanism to reward clinical work and teaching. To

that end, the Department will be notifying Drew University of its intent to terminate the existing agreement and replace it with a contract that reflects necessary changes in the relationship and expectations of the University. I expect that renegotiation of the affiliation agreement would be completed by no later than September 1, 2004.

The Department intends to work with Drew University to evaluate each residency program. In some cases, it may be proposed that a program be eliminated altogether and in other cases, that a program be combined with other County programs. While the option of combining with other County programs will be aggressively pursued, I am sensitive to the need to assure that the educational experience at King/Drew Medical Center will be of the highest quality.

The Department will report back by the end of February with a long-term plan for the organization and management of residency programs at King/Drew Medical Center.

5. *Role of Other Universities*

There are some immediate steps that must occur, in which the participation of another medical school, such as UCLA or USC, would be of great value. The first of these is in the review of the existing training programs at King/Drew Medical Center. The Task Force on Graduate Medical Education's report noted that the size of the hospital does not support the number of training programs or residents that currently exist. We agree that this is an important step that must occur. A reduction in the number of programs to those that support the core clinical and educational missions of King/Drew Medical Center will allow both the hospital and the medical school to focus their efforts and allow for the development or reconfiguration of residency programs that better address the specific health care needs of the community. Both UCLA and USC have a wealth of expertise that can contribute to the assessment of each of the existing programs at King/Drew Medical Center and assist in the development of a plan to reduce the size and scope of training programs at this facility.

The Task Force on Graduate Medical Education envisions a center of excellence in multicultural health care and public health at King/Drew Medical Center. If such a center of excellence can be developed, opportunities for collaboration with UCLA and USC in research, training, and clinical care might naturally emerge.

6. *Affiliation Agreement Oversight and Management*

The issues with Drew University bring to light the need to enhance the oversight and management of the medical school affiliation agreements. In recognition of this, I am creating a new position of Senior Medical Director for Clinical Affairs and Affiliations. This individual will be responsible for responsible for developing and directing Department of Health Services (DHS) policy related to the management of clinical activities. The responsibilities of this individual would include:

- Providing oversight to the development and management of the medical school affiliation agreements.

- Overseeing DHS Graduate Medical Education programs, including the standardization, consolidation, and collaboration of DHS training programs, as well as supervising the operation of medical education programs in DHS facilities to ensure compliance with ACGME accreditation standards and continued full accreditation of programs by the respective ACGME Residency Review Committees.

- Directing the establishment and implementation of physician policy matters, such as clinical performance measures.

- Directing DHS policy regarding clinical research and supervise establishment and implementation of DHS research protocols and chairing the DHS Research Oversight Committee/System-wide Institutional Review Board.

The Department is working with the Chief Administrative Office and Department of Human Resources to establish this new position.

7. *New Personnel System*

The civil service system is poorly designed for health care operations. It is slow to respond to new job titles and competencies, fails to recognize the multiple shifts necessary in the hospital, and does not keep pace with market fluctuations in salaries. Governments that run health care institutions have also found it hard to pay a competitive salary to physician subspecialists - although they end up paying the same amounts via contract or other mechanism. The Federal Government recognized these problems in using the general civil service in health care in 1946 when it established Title 38. This separate Title allows 12 clinical professions to be paid separately from other government workers. In 1986, the use of this

separate personnel system was expanded to include the Clinical Center at the National Institutes of Health and other Federal clinicians.

Your Board approved DHS' development of a similar system in approved the June 2002 System Redesign Plan. In protracted discussions with the Department of Human Resources they have offered the following options: a) a series of incremental adjustments to improve pay ranges (in progress), b) development of a new system that would require a ballot measure to amend civil service, and c) creation of a separate authority of the Department.

Regardless of the mechanism, if we are to improve the efficiency and quality of care, we must have the ability to vary physician pay based on the quantity and quality of work produced. The misalignment of incentives is at the very root of many of the problems at King/Drew Medical Center and across the Department.

8. *DHS Program Redesign*

In its System Redesign, the Department discussed the concept of program consolidation across facilities. Once the budget stabilized in early 2003, a program consolidation evaluation was initiated, using Neonatal Intensive Care Units (NICUs) as the pilot. Based on that analysis, the Department is moving forward with the consolidation and regionalization of neonatal intensive care services in its hospitals.

The analysis of the NICUs also served to emphasize the complex intertwining of clinical and educational programs in DHS hospitals. The reconfiguration of clinical or training programs at King/Drew Medical Center will affect all DHS hospitals. To that end, the Department has been meeting with UCLA and USC about enhancing the collaboration and integration of the training programs across the four DHS academic hospitals.

There are a number of other clinical areas that lend themselves to the reconfiguration of clinical and academic programs, such as Pathology, Radiology, Dermatology, Obstetrics-Gynecology, and Neurosurgery, which the Department is planning to examine more closely. Analysis and, to the extent indicated, realignment of these clinical and training programs will occur on a longer timeline. It is possible that the management of some programs may be changed or some programs may be consolidated with others, but the final configuration or model cannot be determined at this time.

Conclusion

The Department will continue its efforts to strengthen the management of the clinical, operational, and academic programs at King/Drew Medical Center and will keep you apprised of these efforts. As noted above, in order to facilitate some of these changes, the Department is seeking the Board's approval of the following recommendations:

- Authorize the Department to notify Drew University of the County's intent to terminate the affiliation agreement effective September 1, 2004 and instruct the Department to renegotiate the terms and conditions of the affiliation agreement and submit to the Board for its consideration a renegotiated agreement prior to September 1, 2004.

- Authorize the Department to take the necessary administrative steps to facilitate the consolidation or restructuring of clinical services at King/Drew Medical Center.

- Delegate authority to the Department to amend the current agreements with nurse registry agencies to establish rates that are consistent with those paid in the community for critical care, clinic, emergency room, surgical technologists, and hemodialysis nurses and nursing attendants, and to negotiate and execute agreements with any additional nurse registries that are willing to agree to the County's terms and conditions.

Please let me know if you have any questions.

TLG:ak

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors